

ABSTRACTS**1. VENTURE CAPITALISTS' INVESTMENT DECISION-MAKING:
A WEST COAST NORTH AMERICAN EXPLORATORY STUDY**

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ABSTRACT

Nineteen venture capitalists (VCs) from the West Coast of North America are interviewed to understand from their experience on screening, selection, evaluation, risk factors and issues involved in deciding on life science investments. Results show large and varying support for the theory on VCs' role in reducing costs of information asymmetry in investing. Specifically, Amit et als' (1998) theory predicts that VCs will have: strong industry effects, preference for ventures with lower monitoring and selection costs or low information asymmetry costs, profitable exits when made to informed investors and negative ownership and performance relationships creating moral hazard. This study enriches theory by making explicit the know-how and processes of venture capital decision making. As well, differences between West Coast Canadian and United States (US) VCs are reported.

Keywords: *Venture capitalists, investment, life sciences, biotechnology, theory, qualitative, United States, Canada*

2. THE LONG TERM EFFECTS OF THE TROUBLED ASSET RELIEF PROGRAM

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ABSTRACT

This study examines the three-year long-term stock performance of nearly three hundred commercial banks that enrolled in the Troubled Asset Relief Program (TARP). The theoretical motivations for TARP reform have been widely documented in the literature; however, an empirical examination of the aftermarket performance of commercial banks aftermarket performance remains an unexamined topic. I find that TARP firms consistently significantly underperform market indices from the closing price on the first day of public trading to their third-year anniversary. These findings are important because the existence of price patterns can enhance investments within a mean-variance efficient portfolio.

Keywords: *Distressed Firms, Executive Compensation, Restructuring, Long-term Returns*

"It wasn't fair, but it was necessary", Treasury Secretary, Tim Geithner on the genesis of TARP reform.

3. EMERGING MARKET ENTREPRENEUR STOCK PERFORMANCE

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ABSTRACT

We analyze the performance of entrepreneur-managed companies in emerging markets using monthly stock returns over the time period January 2, 2005 through January 1, 2011. For the 51 firms that fit this category, with a minimum market capitalization of USD 200 million, as a portfolio earned 31.99 percent per annum for the entire time period. This compares to 2.56, 0.49 and 0.09 percent for the benchmarks MSCI World Index, Russell 3000 and Standard and Poor's 500 Price Index respectively.

Keywords: *Entrepreneur, Family Control, Founder, Emerging Markets*

4. CAPITAL STRUCTURE AND CORPORATE GOVERNANCE OF KOREAN CHAEBOLS AND LARGE U.S. FIRMS

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ABSTRACT

Corporate managers make capital structure choices and researchers in capital structure assume that managers choose capital structure in the interests of shareholders. However, researchers began to recognize that managers' self-interest can lead to principal-agency problems between managers and shareholders. Corporate governance deals with the problems between them and it were relatively inactive before 1980. Corporate governance in the U.S. made significant changes throughout the 1980s and 1990s. Corporate capital structure and corporate governance in Korea drew keen attention from policy makers as well as the public when the Korean economy faced the financial crisis in 1997. The Korean financial crisis led to financial reforms. Our paper examines profitability of capital structure in Korean chaebol and large U.S. corporations. The paper also critically evaluates corporate governance structure of Korean chaebol and financial reforms.

Keywords: *capital structure, governance, debt/equity ratio, ownership and control, free cash*

5. UNDERSTANDING CASH FLOW

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ABSTRACT

The relations between the basic financial statements and cash-flow are not demonstrated in a meaningful manner so as to facilitate the learning process. This paper develops tools and techniques to understand cash flow and strengthen financial analysis. It also provides a comprehensive numerical example of a hypothetical firm with the aid an EXCEL model. We hope that financial analysts can focus from the mechanics of calculations to the understanding the underlying drivers of different measures and components of cash flow, which in turn, should provide valuable information and insights for management decision making.

Keywords: *Cash Flow, EXCEL, Sources and Uses, Income Statement, Balance Sheet*

6. SUSTAINABILITY: DO GREEN COMPANIES PERFORM?

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ABSTRACT

Are green companies valuable for being sustainable? Unlike previous studies that examine green performance at the fund level, we compare green versus non-green performance at the firm level. We find that green companies perform at least as well and better in some aspects, than their traditional non-green energy counterparts in terms of stock, operating, and capital raising performance. There is an appropriate return for the risk taken in investing in green energy companies comparable to non-green companies.

Keywords: sustainability, financial performance, energy industry, green

7. INSURANCE: RETHINKING THE RULES DURING THE FINANCIAL CRISIS: ROMANIA STUDY CASE

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ABSTRACT

The purpose of this research paper is to find out what measures must adopt Romanian insurance companies in the context of actual economic crisis. The financial crisis has marked each industry. The effects of it are simply disastrous, each company try harder than ever to survive in the market by developing different strategies. The insurance companies that will choose coherent actions that will try to reduce the motors' insurance costs are to be the successful ones. The results of the research are just suggestions that may assure a higher quota in the market and will generate the future steps for an increasing profit.

Keywords: Insurance, Crisis, Insurance Market, Losses, Motors Insurance

8. MEASURING FINANCIAL STABILITY IN EUROPEAN AND EASTERN EUROPEAN ECONOMIES USING A BANK MARKET CONCENTRATION VARIABLE

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ABSTRACT

Loss of public and investor confidence in the stability and soundness of the financial systems of the world's most highly developed countries, such as, U.S., Switzerland Germany, U.K., and France, has been one of the critical repercussions of the recent global financial crisis. Given these developments there is a great urgency to quantify measure, evaluate, and compare banks in order to identify troubled banks. This is, of course, to prevent future crisis and cotangent in the financial markets for investors and tax payers alike. Thus it is not surprising that bank stability measurements have taken on a new urgency. This study investigates the robustness of using "market concentration in the banking sector" as a proxy for a commercial banking stability and soundness in order for it to serve as an early warning indicator for the overall health of the financial sector in European economies. The study analyzes the change in the market concentration variable in the banking sector in two regional grouping of Europe and Eastern Europe: Germany, France (European group) and Poland, Hungary, Albania, Serbia (Eastern European group) for the period 2001–2009. The preliminary funding shows that higher market concentrations in commercial banks lower the soundness of the banking sector because it reduces competition.

Keywords: European banks, Banking stability and soundness

9. EVALUATING THE ACCURACY OF PENSION EXPECTED BENEFIT FORECASTS

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ABSTRACT

This paper evaluates the accuracy of pension expected benefit forecasts. In SFAS no. 132R, the Financial Accounting Standards Board required companies to disclose forecasts of benefit payments firms expected to make for each of the next five years beyond the balance sheet date, and in the aggregate for the next five years beyond that. These disclosures are useful to analysts in evaluating the nature of the future pension obligations a firm has, as well as the assets available to meet the obligations and the annual future cash flows associated with the plan. We find, however, that firms' expected benefit forecasts are biased; they tend to systematically under-predict actual future benefit payments, and in almost all cases, they are significantly less accurate than naïve forecasts.

Keywords: Pension Benefit Forecasts, Financial Accounting Standards Board, Forecast Accuracy, Mean Square Forecast Error

10. DOES THE LIQUIDITY MATTER IN THE IPO MARKET?

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ABSTRACT

This study examines the role of liquidity in the IPO market. We examine two measures of liquidity. One, related to underwriters' practice of discouraging flipping, is measured by Longstaff's (1995) upper bound on the marketability premium. The other, a measure of transaction costs, is measured by the Kyle (1985) lambda. We find that both measures of liquidity are strongly correlated with initial returns. The Longstaff restriction premium is positively correlated with initial IPO returns consistent with the concept of underpricing as partial compensation for secondary market illiquidity. The Kyle transaction cost measure is negatively correlated, however. The latter result is consistent with the argument that issuers tolerate underpricing when they expect to recoup money left on the table through secondary market trading. Higher transaction costs make such recoupment more difficult.
